

Development Impact Fee Program

Ordinance – First Reading

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AGENDA

1. Objective
2. Development Impact Fee Overview
3. Maximum Allowable Fees by Land Use Category
4. Maximum Allowable & Staff Recommended Fee Levels
5. Repeal of Current Park Dedication and In-Lieu Fees
6. Ordinance & Resolution Overview
7. Next Steps
8. Tonight's Actions
9. Questions



OBJECTIVE

- Hold Public Hearing, Waive First Reading and Introduce an Ordinance Adding Chapter 12.260 to Title 12 (Zoning) of the San Bruno Municipal Code Establishing Development Impact Fees



DEVELOPMENT IMPACT FEE OVERVIEW

- **What is a DIF?** A one time fee on new development to pay for new infrastructure improvements required to serve growth.
- **What are DIF revenues used for?** To pay for public facilities and infrastructure needed to accommodate growth in the City.
- **Who will pay the DIF?** Developers pay at the time of permit issuance.
- **How much are the fees?** Set by City Council, subject to “nexus” calculations stipulated by State law (*Mitigation Fee Act* : Government Code Section 66000).
- **Will the DIF authorize new projects?** No, it is financing mechanism (and not subject to CEQA). All projects still require planning entitlements



KEY “RULES” FOR IMPACT FEES

- **Fees can only fund capital costs**
 - Fees cannot fund ongoing or O&M costs
- **Fees cannot fund existing deficiencies**
 - Fee can only fund new development’s “fair share” of total project cost, based on a rational “nexus” test.
- **Requires City Council (not voter) approval pursuant to a “Nexus Study” that identifies**
 - Purpose and use of Fee
 - Relationship between the need for identified facilities and new development
 - Proportionality between costs of identified facilities attributable to growth and fee levels
- **Nexus study should be updated every ~5 years**



ECONOMIC CONSIDERATIONS

- Impact fees add to the cost of new construction and thus can affect the feasibility of new development.
- Insofar as fees fund necessary infrastructure and improve quality of life, they also “create value”.
- Fees, like other costs, do not directly influence real estate prices -- market forces determine prices.
- Most cities in the Bay Area have an approved impact fee program.



FEE PROGRAM CAPITAL FACILITIES

Community Facilities	Public Safety	General Gov.	Transportation	Utilities
<ul style="list-style-type: none">● Library● Parks● Corp. yard● Other park facilities	<ul style="list-style-type: none">● Vehicles● Evidence room upgrades● Tech. upgrades● Fire stations #51 and #52	<ul style="list-style-type: none">● Emergency Operations Center● Vehicles● Corp yard● Tech. Hardware	<ul style="list-style-type: none">● Intersection Improvements● Parking Garage● Pedestrian over- crossing● Scott St. Grade separation● San Mateo Ave streetscape	<ul style="list-style-type: none">● Water● Storm● Cable

- Sewer facilities were evaluated but ultimately excluded due to nexus considerations and secured funding from other sources.



MAXIMUM ALLOWABLE FEES BY LAND USE CATEGORY

Land Use	Community	Public Safety	General Gov't	Trans- portation	Utilities	Total
Residential (per Unit)						
Single Family	\$21,096	\$1,566	\$2,216	\$4,615	\$3,035	\$32,528
Multi-Family	\$14,479	\$1,144	\$1,521	\$2,610	\$2,083	\$21,838
Non-Residential (per Sq.Ft. or Room)						
Office (per Sq.Ft.)	\$8.63	\$0.58	\$0.93	\$6.95	\$1.72	\$18.79
Industrial (per Sq.Ft.)	\$4.31	\$0.29	\$0.47	\$3.50	\$1.37	\$9.93
Retail (per Sq.Ft.)	\$6.47	\$0.71	\$0.70	\$10.39	\$12.42	\$30.69
Hotel (per Room)	\$2,588	\$174	\$279	\$2,797	\$2,241	\$8,079



MAXIMUM ALLOWABLE & STAFF RECOMMENDED FEE LEVELS

Category	Maximum Allowable	Staff Recommended	Recommended as a % of Maximum
Fee Amount			
Single Family (per unit)	\$32,528	\$23,783	73%
Multi-Family (per unit) *	\$21,838	\$21,838	100%
Office (per Sq. ft.)	\$18.79	\$18.79	100%
Industrial (per Sq. ft.)	\$9.93	\$7.89	79%
Retail (per Sq. ft.)	\$30.69	\$26.43	86%
Hotel (per room)	\$8,079	\$4,410	55%
Fee Revenue			
High Estimate	\$146,700,000	\$141,400,000	96%
Low Estimate	\$135,700,000	\$130,800,000	96%

* An Accessory Dwelling Unit shall be subject to 50% of the fee for a Multi-Family Residential Dwelling Unit



REPEAL OF CURRENT PARK DEDICATION & IN-LIEU FEE

- Repeal of the Current Park Dedication and In-Lieu Fees
- Proven to be challenging to calculate in the past
 - Only applied to ownership and not rental units
 - Significant burden for developers to meet
 - Community Facilities impact fee
 - Calculation methodology is more streamlined
 - Will fund parkland acquisition necessary to serve new development



ORDINANCE & RESOLUTION OVERVIEW

- Fees due at building permit issuance
- Credit for redevelopment
- Annual AB1600 report
- Nexus study update



ORDINANCE & RESOLUTION OVERVIEW

(CONTINUED)

- Appeals
- Annual inflation adjustment
- Development projects in the pipeline- Fees Waived Only If:
 - Development application deemed complete no later than May 1, 2019; AND
 - City and Developer enter into Development Agreement or negotiated contract on or before August 1, 2019.
- Reduction for accessory dwelling units (ADUs)
- Procedures (training, accounting, fee schedule, budget)



NEXT STEPS

Item	Date
City Council 1 st reading on Development Impact Fee Ordinance	2/12/2019
City Council 2 nd reading on Development Impact Fee Ordinance	2/26/2019
Effective Date of New Impact Fees	5/1/2019



REQUEST TO CITY COUNCIL

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Questions

